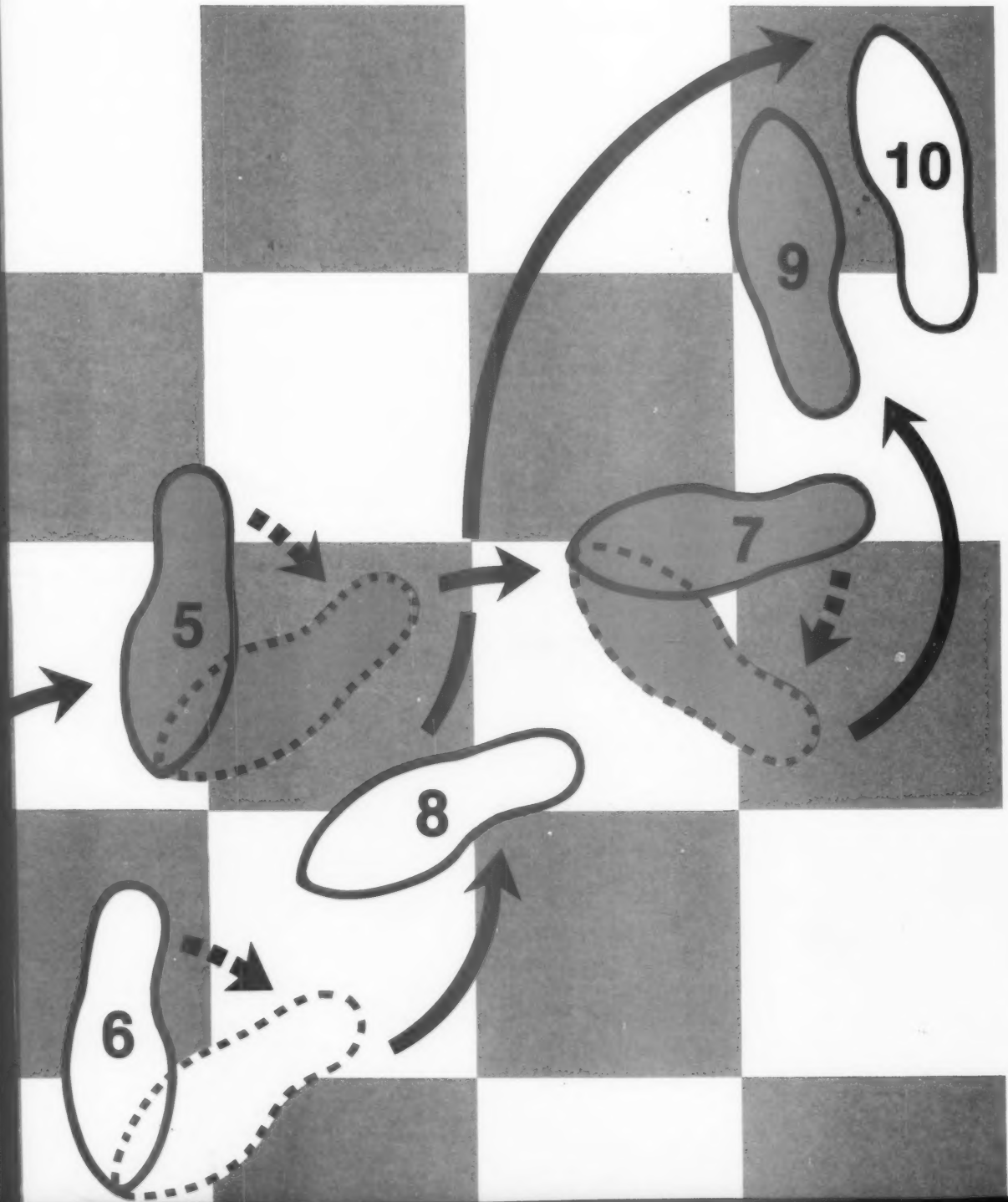
United States
Department of Agriculture

Foreign Agricultural Service

February 1987

Foreign Agriculture

Ten Steps To Marketing Success



Marketing News

Singapore Guide Available for Exporters of Fresh Vegetables

The **Agricultural Trade Office in Singapore** recently published a guide for U.S. exporters of fresh vegetables. The guide includes a market overview and trade data for fresh tomatoes, beans, onions, garlic, peppers, cabbage, carrots, celery, lettuce, cucumbers, asparagus and potatoes, and sweet potatoes. Copies of the guide may be obtained by contacting ATO Singapore, American Embassy, FPO San Francisco, CA 96699-0001, Tel. (011-65) 737-1233.

SUSTA Food Promotion A Success in London

Last fall the **Southern United States Trade Association (SUSTA)** and Harrods department store in London jointly sponsored a "Taste of Dixie" food promotion featuring southern U.S. foods.

The food product displays included a Mississippi riverboat stand in the main food hall and two displays in the downstairs grocery hall. Some of the featured foods were crawfish bisque, creole sauce, seafood gumbo, crab boil, instant roux and gravy mix, gourmet cookies, spices, salad dressings, wine vinegars and salt-free and lightly salted seasonings. Alastair Walker, director of the food halls in Harrods, described the promotion as "super" and was pleased with the interest a "Taste of Dixie" generated at Harrods. For SUSTA, the activity was a door-opener for future in-store promotions.

Feed Grain Programs in Mexico Aimed at Increasing Sorghum Use

The **U.S. Feed Grains Council** has initiated programs in Mexico which could represent some of the most significant developments in recent years for U.S. sorghum exports to that market. Mexico has always had a good potential for sorghum utilization. Last fiscal year, Mexico imported nearly $41 million worth of U.S. grain sorghum or roughly 372,000 tons. However, economic stagnation and massive debt have limited further expansion of imports. The Council is attempting to address these problems by helping to develop the Mexican beef industry, thereby turning that potential into reality.

Three projects, two underway and one proposed, make up an integrated program running from feedlot design and management demonstrations to research on the value of steam flaking for sorghum utilization in the Mexican market. The program goes beyond improving the technology of feeding to actually increasing the number of cattle fed. The extensive program is due in large part to the cooperation of Mexican cattlemen. The consultant hired to head the technical side of the program suggests that the number of Mexican feeder cattle can be doubled in five to seven years.

U.S. Wheat Promotions Encourage Wheat Use in Colombia

An estimated 300,000 Colombian consumers sampled bread products and observed bread production at a pavilion cosponsored by **U.S. Wheat Associates** and the **Colombian Millers Federation** at the recent 16th International Fair in Bogota. The bread pavilion was part of an ongoing campaign by U.S. Wheat Associates to stimulate consumer demand for wheat foods in Colombia.

U.S. Wheat has initiated several programs to encourage increased wheat use in Colombia, where people traditionally eat corn bread and other products instead of wheat. The pavilion is expected to contribute to growth in per capita wheat consumption and to increase wheat imports. In 1987, U.S. Wheat and the Colombian Millers Federation will invest additional funds in a national 12-month multimedia bread promotion campaign which is expected to result in even more growth.

According to Alvaro de la Fuente, U.S. Wheat's regional director for South America, "We have the potential to double U.S. wheat exports to Colombia simply by bringing wheat consumption up to the regional average. Our wheat foods promotion campaigns have already resulted in consumption increases that have been two and three times greater than Colombia's population growth rate, with the momentum getting stronger." The United States maintains an average 90-percent market share of Colombia's growing wheat exports.

The Magazine for Business Firms Selling U.S. Farm Products Overseas

Published by
U.S. Department of Agriculture
Foreign Agricultural Service

Managing Editor
Lynn K. Goldsbrough
(202) 382-9442

Design Director
Vincent Hughes

Writers
David Garten
Linda Habenstreit
Edwin N. Moffett
Sally Klusaritz
Maureen Quinn
Aubrey C. Robinson
Geraldine Schumacher
Jennifer M. Smith

Associate Designers
Richard Barnes
Victor Newman

Text of this magazine may be reprinted freely. Photographs may not be reprinted without permission. Contact the Design Director on (202) 447-6281 for instructions. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or the Foreign Agricultural Service. The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Director, Office of Management and Budget, through March 31, 1987. Yearly subscription rate $11.00 domestic, $14.00 foreign. Order from Superintendent of Documents, Government Printing Office, Washington, DC 20402.

Features

10 Steps to Marketing Success 4

The need for marketing expertise has increased tremendously. Whether you are new-to-market or an old hand, you can benefit from this expert advice.

1. Seek Out Potential Overseas Customers 5

2. Determine Product Tastes and Preferences 8

3. Encourage the Removal of Import Barriers Where Necessary 9

4. Introduce Product Offerings to Potential Customers 10

5. Provide Quality Products That Meet Customers' Needs 11

6. Price Products Competitively To Meet Competition 13

7. Take Advantage of USDA Credit Programs 15

8. Follow Up Sales To Ensure Satisfaction of Buyers 16

9. Demonstrate Commitment to Export Market Sales 17

10. Be Attuned to Business Etiquette 18

Departments

Marketing News 2

Country Briefs 20

10 Steps to Marketing Success

Marketing is the art and science of selling things. However, it is not unique to exporters of U.S. agricultural products.

In recent years, as the importance of agricultural exporting has grown both at home and abroad and as competition has increased for a share of the marketing pie, the need for sophisticated marketing techniques and expertise has increased tremendously.

Today's successful exporter must be an analyst, a sales representative and a skillful master of cultural differences and tastes. Competitors are using the bend-over-backwards approach to sell their goods on the export market. U.S. agricultural exporters cannot afford to do otherwise.

This month, *Foreign Agriculture* examines several of the critical elements and requirements of successful agricultural exporting. In short, they are the following:

1. Seek out potential overseas customers.

Through market analysis, trade leads and all the sophisticated tricks electronic technology can provide, exporters are better informed than ever before on "where the markets are."

2. Determine product tastes and preferences.

Sometimes it comes as a shock to U.S. exporters that not everyone around the globe shares our tastes and preferences. Sadly, they often find this out after months, or even years, of unsuccessful sales efforts. Through market surveys, trade missions and sales tours, exporters can learn more about their customers and the products they want.

3. Encourage removal of import barriers where necessary.

All the selling skills in the world and the best possible products will yield little results if a foreign country will not allow your product to enter. Trade negotiations on all levels—multilateral, bilateral and individual—are the key to opening doors for U.S. agricultural products.

4. Introduce product offerings to potential customers.

Trade exhibits offer exporters a golden opportunity to show their wares to a wide variety of buyers from all over the world in a relatively short span of time and at minimal cost. In-store displays and advertising also are successful means of introducing products to foreign consumers.

5. Provide quality products that meet customers' needs.

The competition in today's global marketplace is too keen to offer low-quality merchandise or to use exporting as a place for surplus disposal. Several USDA agencies can help exporters meet increasingly strict international standards for agricultural products.

6. Price products competitively to meet competition.

The bottom line in any sale is price, price and price. Exporters who figure they can charge whatever they want in the international market are in for a surprise. Importers are price conscious and competitors are often more than willing to undercut each other.

7. Take advantage of USDA credit programs.

Government programs can give exporters an edge in the exporting game. For example, USDA has several programs that can help U.S. agribusiness firms, particularly those exporting to developing markets, which often have the need but not the hard currency to purchase U.S. agricultural products.

8. Follow up sales to ensure satisfaction of buyer.

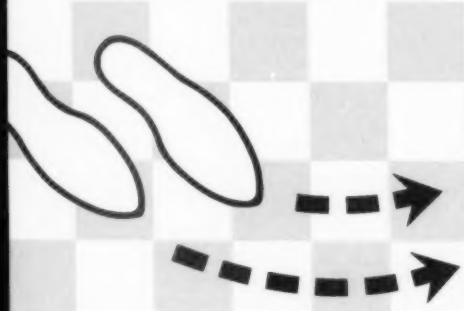
"At your service," should be the motto of every successful exporter or potential exporter. One key to successful exporting is repeat business generated by suppliers that keep their customers happy.

9. Demonstrate commitment to export market sales.

Commitment to exporting starts at the top. Being a consistent, reliable supplier should be a key management philosophy.

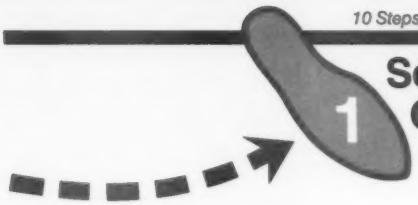
10. Be attuned to business etiquette.

Being culturally aware of business and social practices around the world can make the difference between successful business trips or frustrating exporting efforts. ■



10 Steps To Increase Exports

1. **Seek Out Potential Overseas Customers**
2. **Determine Product Tastes and Preferences**
3. **Encourage Removal of Import Barriers Where Necessary**
4. **Introduce Product Offerings to Potential Customers**
5. **Provide Quality Products That Meet Customers' Needs**
6. **Price Products Competitively To Meet Competition**
7. **Take Advantage of USDA Credit Programs**
8. **Follow Up Sales To Ensure Satisfaction of Buyer**
9. **Demonstrate Commitment to Export Market Sales**
10. **Be Attuned to Business Etiquette**



Seek Out Potential Overseas Customers

By Willis G. Collie

As with any business, the first step in successfully marketing U.S. agricultural products is matching the product with the right customers. Once key markets are established, would-be exporters are then in a position to develop marketing strategies that will help put their products ahead of the competition.

Determine Product Potential

Product potential can be assessed by a number of factors including cultural practices, tastes and preferences, import barriers and, most importantly, demand.

Certain areas of the world can be automatically eliminated as potential markets. If a country is a net exporter of a certain commodity, it is reasonable to assume that U.S. exports of the same commodity will not do well in that market.

For example, it would not be worthwhile to try selling wheat to Argentina or soybeans to Brazil, as these countries are net exporters and major U.S. competitors.

Another factor to consider is the type of product intended for sale. Consumer-ready food items, for example, fare better in economically developed markets such as the European Community, Japan, Hong Kong and Singapore than in less developed countries.

Study the Trends

Historical data on the value and volume of agricultural exports pinpoint trends in exports of particular commodities in specific markets. For example, if exports of a commodity to Latin America have consistently decreased for the past five to eight years, then marketing efforts should be concentrated elsewhere.

Much of the statistical information needed to analyze trends in international trade is readily available from the Foreign Agricultural Service (FAS) in the International Marketing Profile series.

Available by country and by product, the marketing profiles are brief statistical summaries of agricultural trade activity. The statistics are presented in a series of easy-to-use tables which allow quick identification of the value, volume and trade trends of products being exported by the United States.

Four Factors Identified

The product marketing profiles examine 30 selected groups of agricultural products, principally in the high-value and value-added product sectors. Each profile identifies four factors:

Leading foreign markets shows the countries that have imported a major share of specified products during the past five years.

Fastest growing markets lists the regions of the world where a product is in demand and the countries that are seeking it.

Best selling products abroad ranks the most actively traded products in 14 major geographical regions.

Principal competitors shows the major traders and their relative strength in the market and helps determine if the United States has expanded its presence in major international markets relative to foreign suppliers.

Selected Countries Profiled

The country market profiles outline total agricultural trade activity for selected foreign countries. Statistical and financial information describes agricultural marketing possibilities and constraints in particular countries. Trade tables indicate which food products a country is importing from the United States to help identify foreign import preferences.

As an aid in identifying the foreign competition, tables describe total agricultural imports of the country, showing which products a country demands and which countries supply them.

In addition to the statistical information, each marketing profile includes an agricultural situation and outlook report for each country. Prepared annually by the U.S. agricultural officials stationed in the country, this information is valuable for determining future prospects for exporting to a particular market.

AIMS Helps Find Buyers

After identifying the markets which show potential, the next step is to find foreign buyers. In many instances, this can be the most difficult part of exporting.

To meet this need, the Foreign Agricultural Service established the Agricultural Information and Marketing Services (AIMS) to assist U.S. exporters in finding overseas buyers for their food and agricultural products.

AIMS identifies foreign sales opportunities through marketing research reports, trade leads, product advertising and listings of potential foreign buyers. The cornerstone of the AIMS services is the Trade Leads program which provides listings of foreign buyers and the products they are seeking from U.S. suppliers.

FAS counselors, attaches and trade officers around the world locate and develop these trade opportunities and collect the pertinent information needed for the transaction. The information is then transmitted via telecommunications to FAS headquarters in Washington, D.C., where it is processed and made available to U.S. exporters within 24 hours through electronic transfer.

As an exporter, it is important to respond directly to the trade lead inquiries from foreign buyers. The key to success with the trade leads program is to respond quickly, completely and effectively.

Trade Lead Format Varies

There are three ways to receive FAS trade leads:

Commercial electronic dissemination allows access to the trade leads through commercial telecommunications firms within hours after the lead is received by FAS. A nominal fee is paid directly to these firms for their services.

Computerized Direct Mail sends daily trade leads to AIMS clients in the United States who have subscribed to the direct mail service. This is ideal for exporters who have a relatively narrow range of food products because the leads are commodity-specific.

Export Briefs is a publication which includes all trade leads processed each week. It is mailed to subscribers every Friday morning and is a good tool for monitoring foreign demand of agricultural products. It also includes information concerning upcoming trade shows, foreign trade developments and changes in trade policy.

Advertise in Foreign Markets

AIMS also provides a way to let foreign buyers know of the products U.S. exporters have to sell through a type of international advertising or "trade leads in reverse" system.

A weekly publication called *Buyer Alert* enables exporters to advertise in the leading value-added export markets for U.S. products. Each announcement includes an indicator price for the featured product. This price information helps the foreign buyers to respond to sales opportunities.

The use of telecommunications eliminates the normal delivery delays between Washington and foreign countries and allows the foreign buyer to respond more quickly to an announcement.

Currently , the *Buyer Alert* service reaches importers in 19 countries, representing 80-90 percent of the major value-added U.S. agricultural export markets. The coverage is extensive in Western Europe, East Asia, the Middle East, Canada and Mexico. A recent survey of 600 Buyer Alert users found that $290 million in aggregate sales could be attributed to the service.

Exporters may submit up to two announcements per week. These usually include product information such as the type and variety, quality, description, packaging and labeling details, shipping specifications and quantity available for export. The indicator price (valid through a specific date), bank reference and data on the firm itself also may be included in the announcement.

CONTACTS
For U.S. Agricultural Products
United States Department of Agriculture
Foreign Agricultural Service
The following announcements and specifications are provided by U.S. commercial firms. USDA does not endorse the products or guarantee the reliability of the firms. Importation of the products is subject to the regulations and label clearance procedures of your government
BUYER ALERT
For U.S. Agricultural Products
United States Department of Agriculture
Foreign Agricultural Service
The following announcements and specifications are provided by U.S. commercial firms. USDA does not endorse the products or guarantee the reliability of the firms. Importation of the products is subject to the regulations and label clearance procedures of your government.
Products Offered by U.S. Exporters
EXPORT BRIEFS
United States Department of Agriculture
Foreign Agricultural Service
These export opportunities for U.S. food & agricultural products have been gathered by agricultural and other U.S. government officers serving abroad. The USDA does not guarantee the reliability of the overseas inquirer. For further information, contact the foreign firm originating the inquiry.
Products Sought by Foreign Buyers
November 25 - December 1,

Introduce New Product Lines

Contacts for U.S. Agricultural Products is the second medium available for exporters to advertise U.S. farm goods in foreign markets. Unlike *Buyer Alert*, which provides specific information about a certain product, *Contacts* allows exporters to introduce an entire product line.

Each month *Contacts* is translated into French, Greek, Italian, Japanese and Spanish, and distributed to more than 35,000 buyers in 110 countries. The publication is geared toward new products and has publicized products as diverse as wine coolers, bagels, jojoba oil and quail. Although the publication primarily highlights new products, exporters can advertise any food or agricultural product they want to export.

Try Your Own Product Information

Exporters can do their own product promotion and get a boost from AIMS. The AIMS data base maintains importer listings by commodity and country, with over 13,000 listings in more than 60 foreign countries. The list provides the names, addresses, telephone and telex numbers of interested foreign buyers arranged by country and by commodity so that exporters can make direct contact.

For example, an exporter in California recently reported that he used *Export Briefs* in conjunction with the foreign importer listings to establish a foreign contacts data base.

After contacting each of the firms on a regular basis to let them know of the product he was supplying, his firm eventually did more than $20 million in first-time sales, all of which were attributed to the AIMS services.

To receive more information on the AIMS services, call toll free 800-FAS-AIMS, or write to the Processed Foods Division, USDA-FAS, Room 4649-South Building, Washington, D.C., 20250. ■

The author is with the Processed Foods Division, FAS. Tel. (202) 475-3623.

Guidelines for Responding to Inquiries From Foreign Buyers

There are two major reasons companies are unsuccessful in their attempts to develop trade relationships—delays in responding to trade inquiries and ineffective correspondence. The following guidelines may prove helpful when responding to trade inquiries.

Always Reply Quickly

Use Telex—Telex is the communication mode expected by most foreign buyers. If more details are required, a brief telephone call also is an effective way to indicate interest. Delay gives the edge to the competition. Unless otherwise specified by foreign inquiry, correspondence in English is acceptable.

Always Respond Completely

On Your Firm—Furnish bank and trade references, pertinent company history and relevant exporting experience. It also is useful to mail a copy of your annual sales report. Establish your firm as a reliable source of supply.

On Your Product—Supply complete product information. Use the metric system of measurement. U.S. standard weights, measures and dimensions have little meaning in overseas countries. When responding by mail, descriptive and illustrative brochures should be included, but not relied on to do the selling job.

On Your Price—Include full price information, when possible, and a delivery date. Quote the price requested or quote a c.i.f. price to a port in the inquirer's country. A freight forwarder will be able to help determine insurance and freight prices for the product involved.

Specific terms of payment should be stated clearly. Whenever possible, information provided should be sufficient for the customer to place an order without the delay of further correspondence.

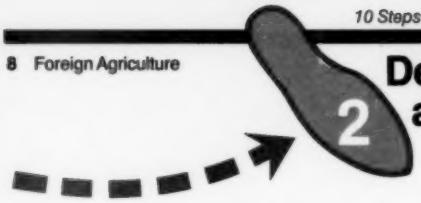
Always Reply Effectively

Be Specific—Ask specific questions to pinpoint buyer's needs. If the inquiry does not clearly specify products or services desired, let the buyer know what you have available. Do not neglect imprecise inquiries.

Be Discreet—Seek credit data from sources other than the overseas firm. Personal requests for credit information are considered discourteous in many countries. Such information is easily obtained from reliable and objective sources such as your bank's international department.

Be Original—When replying buy mail, do not use form letters. Form letters are frequently discarded by overseas buyers. Keep correspondence friendly and interesting. Avoid using slang. Create an impression of personal and exclusive interest.

Follow-up—If a reply is not received within a reasonable time, follow up with a second telex. You may have missed the original export opportunity, but you may still be able to begin a business relationship.



Determine Product Tastes and Preferences

Even though your food product may be doing well in the U.S. market, selling in export markets is a different ball game altogether. It involves much more than simply getting your product from here to there.

One of the most important tasks in exporting is determining product tastes and preferences of overseas consumers.

Success in making that determination in all likelihood could spell the difference between success or failure of your marketing efforts abroad.

To appreciate the complexity of determining the taste preferences of foreign consumers, just visit your local library. In the international cookbook section, there are row upon row of volumes describing exotic tastes for the global gourmet, ranging from Scandinavian fares to the specialties of Singapore.

One of the best ways to crack foreign markets with your product is to pinpoint your potential customers and then look for an efficient approach to that audience.

Time-Honored Approach to Exporting

Domestic food shows frequented by foreign buyers and overseas trade shows are two time-honored avenues to successful marketing around the world. But these also require a lot of preparation and homework before your product gets the coveted "taste test" in a foreign land.

Ed Paige has 15 years of experience in helping U.S. exporters sell food products overseas. He's the executive director of the Eastern USA Food Export Council (EUSAFEC), headquartered in the World Trade Center, lower Manhattan, New York City.

Representing sellers in 10 northeastern states, EUSAFEC is a nonprofit market development cooperator that works with the Foreign Agricultural Service in promoting U.S. food and agricultural exports.

Paige describes some of the problems and offers insights on what is happening in today's global marketplace.

"Many food manufacturers and exporters actually have a double standard," says Paige. "If they're successful in selling, say, in the New York area, they wouldn't think about trying to sell in Georgia. On the other hand, they frequently don't hesitate to offer the same product universally around the world."

Paige says a common refrain he hears too often from exporters is: "Why can't you sell what we make?"

While the on-again, off-again effort to convert U.S. measurements to the metric system has not been successful, dealing with metric units is practically a must in exporting, says Paige, the recipient of two Presidential "A" Awards for excellence in exporting.

"Another common problem is the label," Paige adds. "In the first place, very few U.S. labels use the metric system. Some countries prefer to have the size of the container divisible by one-thousandths, that is, in units of 100, 250 or 500. This normally involves kilograms and kiloliters and makes it much easier for foreign consumers to compare prices.

"You also have to be sensitive about national taste preferences—sweet, sour, spicy, bland," says Paige.

Many Factors To Consider

"There are, of course, religious considerations as well," Paige points out. "For example, Middle Eastern tolerance for alcohol is zero percent and many manufacturers have learned to their sorrow that even microscopic amounts are too large.

"Many times you have to adhere strictly to the established taste preferences of a particular market. A good example of losing a market by not conforming also is found in the Middle East," says Paige.

"Historically, people there have consumed small chickens with white skins, slaughtered in the Muslim halal tradition, which requires slaughtering to take place under supervision of a qualified religious person.

"Americans, of course, are not accustomed to any of these conditions. Result: Other countries, such as France and Brazil, that mass-produce these birds and conform to various requirements have captured a large chunk of the market."

Adding a New Wrinkle

However, you can be different and introduce entirely new products if you do it properly "with some creativity and forethought," Paige explains.

"New products or changes—even radical ones—can be achieved with the proper introduction and promotion. Some examples of success from the past include Volkswagons (remember how you laughed when you saw your first Beetle), kiwi fruits, Greek foods and even pizzas.

"Sometimes, it's simply a matter of name. I once was trying to export pie fillings. I soon discovered that pies are essentially a British invention and unheard of in the non-British world.

"Solution: I changed my price list and literature and offered them as fruit fillings instead of pie fillings and they sold like hot cakes."

To illustrate how varied exporting can be, Paige cites the case of a common U.S. product eventually breaking into a foreign market without any adaptation of the product itself. The key here was imagination, patience and persistence.

"The Japanese diet is traditionally rather delicate in nature," Paige says. "The use of Tabasco sauce was essentially unknown there. However, we started promoting it in American-style cooking schools for young Japanese women.

"Gradually they became accustomed to the product and skilled in its usage. Japan now buys more than a large cargo container shipment of Tabasco sauce each week the year round."

Paige's final words of advice to exporters are: "To find the right mix in adapting to taste preferences of foreign markets usually is just a simple matter of doing your homework and, above all, of being flexible in your approach." ■

3 Encourage the Removal of Import Barriers Where Necessary

Trade barriers can spell doom for even the best marketing campaign. Around the world, a complex array of quotas, surcharges, tariffs, health and sanitary regulations and other import controls impede access for U.S. farm products.

In addition to these types of barriers, many countries use export subsidies, which depress world prices and distort trade flows.

Recently, as competition for export markets has heated up, the use of barriers and subsidies has become more widespread. Many countries try to regulate agricultural imports to protect their domestic producers.

Most countries also have rules to protect consumer health and safety and to prevent transmission of plant and animal diseases. These are legitimate concerns, but such restrictions also have been used to reduce or prohibit agricultural trade.

Exporters themselves rarely can get countries to reduce their trade barriers. Consequently, most restrictions become a matter for government negotiation.

When this is the case, USDA's Foreign Agricultural Service works with the U.S. Trade Representative's office to negotiate with the foreign country in question to improve access for U.S. goods.

GATT Sets World Trading Rules

In the broadest sense, rules for fair trade are set, and disputes negotiated, under the General Agreement on Tariffs and Trade (GATT).

The GATT is a multilateral treaty negotiated initially by 23 countries, including the United States, in the late 1940's. The aim was to liberalize world trade and place it on a secure basis. This mission has been accomplished principally through a series of "rounds" of multilateral trade negotiations. More than 90 countries are now signatories to the GATT.

In September 1986, the United States, together with the other GATT members, launched the eighth and latest round of GATT negotiations.

U.S. officials hope that the negotiations for agriculture will be completed within two years. The U.S. team will be pushing other GATT countries to agree to phase out existing nontariff barriers and to apply no new ones; to freeze export subsidies and then phase them out; to harmonize food, plant and animal health regulations; and to improve GATT dispute settlement procedures.

While such far-reaching, multilateral efforts are essential for a fairer world trading system, bilateral negotiations also are important.

Trade Talks Continue With Importers

Negotiations are underway, for example, with Japan, the number one market for U.S. agricultural exports. The Japanese maintain a complex system of import restrictions designed to protect Japanese producers. However, these measures often end up discriminating against U.S. consumer-ready food products.

In recent years, negotiations have been successful in opening the Japanese market further, especially for U.S. wine, walnuts, chicken, oranges, beef and wood products.

The United States also is negotiating with Canada on a proposed free-trade agreement. Although Canada is one of the most important U.S. trading partners, a variety of border restrictions limit access for U.S. farm products.

Quotas are used to regulate imports of beef, poultry, eggs and dairy products, and seasonally high tariffs and minimum price provisions apply to fruits and vegetables.

Frictions also exist in U.S.-European Community (EC) trade relations. The EC protects over 90 percent of its agricultural production through variable import levies, tariffs and domestic subsidies.

A major trade confrontation erupted for the United States last year when Spain and Portugal joined the EC. A trade crisis over access for U.S. corn and sorghum into Spain and grain and oilseeds into Portugal was averted through a negotiated interim agreement which expired at the end of 1986.

Last year, the United States and the EC also resolved a 17-year dispute over citrus trade and reached agreement on a number of related issues.

Trade Law Protects U.S. Exporters

In addition to multilateral and bilateral negotiations, the United States pursues settlement of trade problems under Section 301 of the Trade Act of 1974. That law covers foreign practices that violate U.S. rights under a trade agreement, such as the GATT, or those which unjustifiably restrict U.S. commerce.

Section 301 cases usually involve foreign practices which affect U.S. exports into a third-country market.

Any interested party may file a petition with the U.S. Trade Representative for an investigation of unfair trade practices. This office also can initiate investigations.

If damage is found, the United States may impose duties or other import restrictions against the offending nation. However, investigation and settlement of section 301 complaints can be an extremely time-consuming process.

Exporters who need additional information on section 301 should contact Chairman, Section 301 Committee, Office of the U.S. Trade Representative, 600 17th Street NW, Washington, D.C. 20506. Tel. (202) 395-3432.

Efforts to remove import barriers are vital to long-term market development planning. While solutions do not come quickly or easily, bringing agricultural trade issues to the negotiating table has had significant payoffs for agricultural exporters. ■

4 Introduce Product Offerings To Potential Customers

The goal: Selling your food product in foreign lands. No easy task, but the more you know before starting out, the better your chance of success.

Diane Miller of the Mid-America International Agri-Trade Council (MIATCO) tells how U.S. food exporters can introduce products to foreign customers and measure their sales potential.

MIATCO, a nonprofit market development cooperator working with the Foreign Agricultural Service (FAS), coordinates the marketing effort of 12 midwestern states which represent the heartland of U.S. agriculture.

MIATCO specializes in the export of value-added food products and works closely with FAS' worldwide network of agricultural counselors, attaches and trade officers in matching U.S. sellers with foreign buyers.

Testing a Product's Potential

One good approach for an exporter to test a product's potential is participation in an international trade show, either in the United States or at one of the big overseas exhibits, Miller points out.

"At a show in the United States, foreign buyers can see and taste the products to determine if they would appeal to their own domestic markets," she says.

"By participating in a trade show in the United States, the exporters' costs are less than going overseas for a foreign show. Exporters also can get immediate feedback on their products at a U.S. show."

One such show is the upcoming National Food and Agriculture Exposition scheduled for Seattle, Wash., April 29-May 1. Hundreds of foreign buyers are expected to attend this biennial event, sponsored by FAS and the National Association of State Departments of Agriculture.

Another route for introducing a new product or finding a new market for an existing one is to participate in international trade exhibits overseas.

Targeting Specific Markets

One advantage of this approach, Miller says is "that by being on location, exporters can test a specific target market with more foreign buyers in attendance than is the case at shows in the United States. Some examples of these types of shows are SIAL in Paris, ANUGA in Cologne, MEFEX in the Middle East and Food Hotel Asia in the Far East."

If exporters are taking their new products to overseas shows, Miller says, "they should work with FAS' agricultural trade officers who know the important people to contact before the show opens. Plan to meet these people at the show and allow some time afterwards for follow-up sessions."

Role of Company Representatives

Personal relationships are vital to business success in any world market. "Be sure to have a company representative at the show to display the food products in an attractive manner, to speak knowledgeably about both the products and the company, and to meet formally with buyers or retailers who are interested in the product and company," Miller adds.

"Another effective way to introduce new products overseas is through menu and restaurant promotions sponsored by the agricultural trade officers abroad," Miller says.

"For instance, there was an all-American menu promotion by a restaurant chain in Singapore last July and August. Besides beef and poultry, wines, fruits, vegetables and ice creams were promoted."

These are excellent opportunities for U.S. food exporters to introduce and promote their products overseas, according to Miller.

One of the first steps in exporting is to contact your state department of agriculture, a regional cooperator like MIATCO, or FAS, Miller explains.

They can help you identify and surmount the tasks facing you such as the religious, health and certification requirements of the importing country, ingredient research, labeling, packaging and storage capabilities of your product as well as such cost factors as transportation, port charges, customs document charges and tariffs. ■

5 Provide Quality Products That Meet Customers' Needs

U.S. exporters of agricultural products often face a unique mix of cultures, taste preferences and trade practices in dealing with overseas customers. The exporter who knows what the customer wants and is willing to meet the specifications not only gains a foothold in overseas markets but also saves time, money and frustration when doing business with foreign buyers.

Unwillingness to modify products to meet regulations or cultural preferences of other countries is one of the most common mistakes of new-to-export firms.

Local safety codes, as well as import restrictions, cannot be ignored by foreign distributors. If the necessary modifications are not made by the producer, the distributor must make them—usually at greater costs and, perhaps, not as well. The resulting smaller profit margin also makes the account less attractive.

Compliance Must Be Assured

To compete in overseas markets, U.S. exporters must comply with a multitude of health and quality standards required by importing countries.

To protect themselves, many foreign firms request a certificate of inspection. This may be either an affidavit by the shipper or by an independent inspection firm, as dictated by the buyer, certifying quality, quantity and conformity of goods in relation to the order.

Export Certificates Required

All meat and most of the poultry shipped to foreign countries must be accompanied by an official USDA export certificate.

USDA re-inspects meat and poultry at the time of export certification to assure that the product is sound, properly labeled, inspected and approved by the United States, and that it meets all requirements of the country of destination.

Routine U.S. export certifications are provided free of charge; however, if the importing country requires special certifications, there is a fee.

All U.S. grain going into export must be inspected and weighed, with few exceptions. USDA provides these inspection services on a fee basis. The department also maintains an International Monitoring Staff to deal with complaints from foreign buyers concerning the quality or weight of U.S. grain exports. It also provides technical information about U.S. grain quality standards, and inspection and weighing procedures.

To provide official, impartial certification of quality, fresh and processed agricultural products—ranging from fruits and vegetables to butter, eggs and meat—are graded by USDA on a fee basis according to U.S. and other applicable standards. Exporters also can obtain certification services to assure that the quality requirements specified in contracts are met.

USDA also inspects and certifies that live plants, plant products and live animals conform to health and sanitation requirements of the importing country.

Packaging Is Important

Packaging is another important consideration in meeting the requirements of overseas markets—particularly for high-value goods.

Container size or shape should be one that foreign customers are familiar with. Appearance also is important in some markets. Europe, for example, is extremely sophisticated in packaging and presentation. The European consumer expects much more from the packaging and is willing to pay for it.

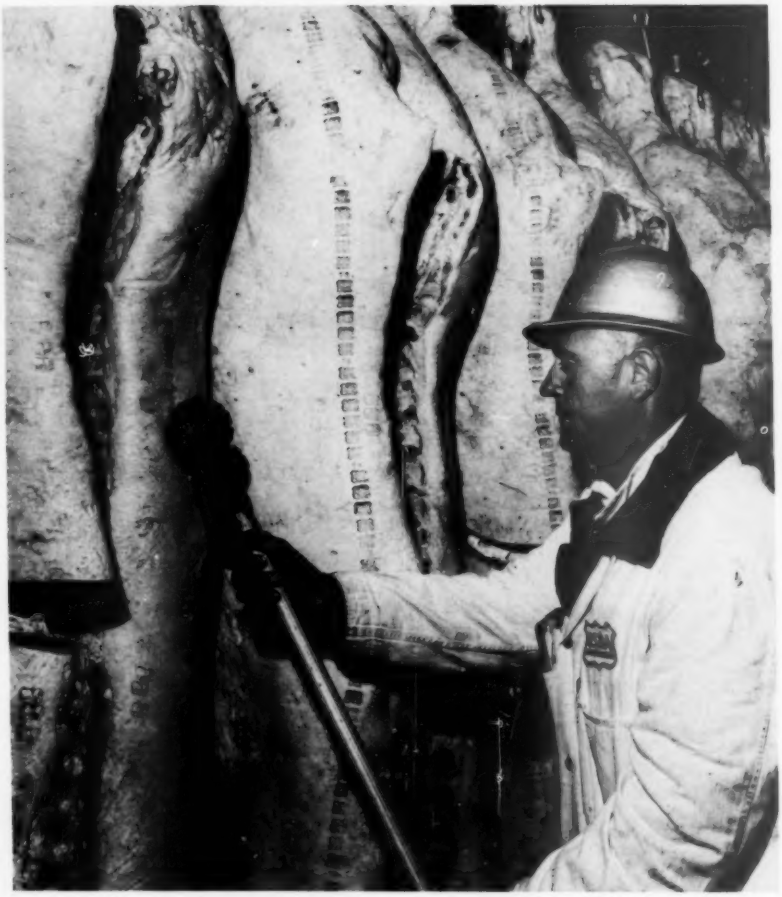
Proper Labeling Prevents Problems

Proper labeling is another sales point for potential importers overseas. In addition to printing labels and instructional materials in the language of the foreign customer, U.S. exporters also need a thorough understanding of food laws pertaining to product labels.

Countries on the Arabian Peninsula, for example, require production and expiration dates on all food products, as well as Arabic labeling. The dates, however, must be printed on the label, not stamped on the product container.

Food laws are enforced primarily to ensure the safety of products, but they can create a bureaucratic nightmare for exporters who have not paid strict attention to labeling requirements.

Shipments with improper or altered labels are rejected at the port of entry. Once this happens, it is difficult, if not impossible, to bring the product back to the United States.



Religious dietary restrictions also must be taken into account by food exporters. The Muslim religion, for example, forbids the consumption of pork in any form. Therefore, processed foods containing pork are unacceptable to the Muslim population.

Technical Assistance Available

For a fee, FAS' Export Product Review Program provides U.S. exporters with complete and timely information on general labeling and product ingredient requirements of foreign countries.

Specific product information also is sent to the appropriate U.S. agricultural official overseas for evaluation by the foreign government. This evaluation determines whether a product can be admitted, or if approval might be given provided certain changes are made.

In addition, USDA's Technical Office maintains close liaison with all government regulatory agencies on problems related to certification programs, food additives, pesticides and food contaminants, and can put exporters in touch with specialists on specific problems or concerns.

For further information contact USDA Technical Office, Building 1072, BARC-East, Beltsville, MD 10705. Tel. (301) 344-2651. ■

6 Price Products Competitively To Meet Competition

Whether you have a large export division in your firm or a one-person operation, the key to successful exporting is the same: Establish a reputation as a reliable supplier of quality products—and price those products competitively. Only then are you in a position to develop marketing strategies geared to meet the competition.

Marketing experts, of course, include other elements in the trade formula, such as the value of the dollar and elimination of unfair competition and import restrictions. But the fundamental element in selling overseas is setting the right price for your products.

Price Setting Can Be Difficult

According to Foreign Agricultural Service (FAS) marketing specialists, setting a competitive price can be a difficult task for a new exporter.

Although the price for major commodities such as corn, wheat and soybeans is easily available, exporters of canned cling peaches, snack almonds or frozen french fries may find it more difficult to learn what their product is selling for in overseas markets.

For example, a shrewd foreign distributor—one who purchases merchandise from a U.S. manufacturer at the greatest possible discount and resells it at a profit—may be reluctant to talk about the going rate for a particular product.

Setting a price for new-to-market products can be even more difficult since there are no comparable products to use as a pricing guide.

Domestic Prices Serve as Guide

What advice to follow? First, look at what the product sells for domestically. Some potential exporters make the mistake of thinking they can set a higher price for the export market.

Marketing experts often advise new exporters to cut their profit margin to the bone. Once established in the market, then they can concentrate on enlarging their profit margin.

Personal Visits Recommended

Second, if possible, visit the prospective market. Get a feel for what the buyers are paying.

Agricultural trade offices operated by FAS in 15 locations in Europe, the Middle East, Asia, Africa and South America should be the first stop in making contacts overseas. As a service organization, a trade office also can provide U.S. sellers with information on foreign customs, regulations and transaction procedures.

Pick the market carefully. Because of credit problems, developing countries tend to emphasize price over quality. This often works against U.S. exporters. On the other hand, highly sophisticated markets may be willing to pay premium prices for top-quality products.

In business dealings, it is a good idea to stress the relationship of price to the quality of your products—a point not always understood by the buyers.

Transportation Costs Important Factor

Since transportation charges must be reflected in the product price, shipping distance is a major problem for U.S. exporters vying with competitors from countries located closer to the market.

Therefore, price competitiveness for U.S. exporters to distant markets is an issue that needs to be placed in proper perspective. There are some factors that might offset a higher U.S. price.

For example, although the Algerians want to diversify imports, they are aware of the advantages of buying a specific commodity from one source rather than from several.

If Algeria tenders for a shipment of 90 million hatching eggs, it may be necessary to import from three or more countries with delivery to three ports spread over a 12-month period. For logistical reasons and uniform quality, it would be easier to buy from only one supplier.

Often the United States is the only country capable of supplying the entire quantity called for in the tender. Thus, the magnitude of the tenders can enhance the price competitiveness of U.S. exporters.

Helping Exporters Compete

A relatively new government initiative, called the Export Enhancement Program (EEP), has enhanced the competitiveness of a number of U.S. agricultural products by allowing exporters to lower their prices and compete against subsidized products from the European Community and other exporting nations.

EEP is one of several USDA programs providing direct assistance to U.S. agribusiness exporters, especially those working in developing markets.

How the Program Works

Exporters participating in EEP receive certificates for export bonuses in the form of commodities owned by the Commodity Credit Corporation (CCC), a branch of the U.S. government. By figuring in the bonus, exporters are able to sell at a lower price.

For example, last year—under EEP—a U.S. poultry processor sold 8,000 metric tons of chicken parts to Egypt, a sale equal to nearly three-fourths of all U.S. poultry sales to the Middle East the year before. By receiving $345.46 worth of corn and soybeans from CCC surplus stocks for each ton of poultry parts it sold, the company was able to offer its product at a lower price and beat the competition.

First-Year Performance

All U.S. commodities are eligible for inclusion in EEP. By the close of fiscal year 1986, EEP helped exporters sell over 5 million tons of wheat, 1.2 million tons of flour, 946,000 tons of barley, 43,000 tons of poultry, nearly 23,000 tons of rice and close to 4,000 tons of barley malt.

Based on its first-year performance, EEP is expected to facilitate some $3 billion in agricultural exports over its three-year lifetime.

Requirements for Approval

At least $1 billion in CCC commodities must be distributed under EEP to U.S. exporters, processors or foreign purchasers to encourage the maintenance, development and expansion of U.S. food export markets.

To be considered for USDA approval, an EEP initiative must:

—Add to the level of U.S. exports already occurring in a certain market;

—Target markets where competitors are selling subsidized exports;

—Bring a net gain to the overall U.S. economy; and

—Require no increase in U.S. budget outlays.

Other Programs Help Exporters

An offshoot of the Export Enhancement Program is the Dairy Export Incentive Program. By providing bonuses from CCC stocks, FAS will help dairy exporters lower their prices and sell products in markets dominated by subsidizing exporters.

The Dairy Export Incentive Program will be in operation through September 1989. FAS is in the process of finalizing program details.

Exporters interested in the EEP or the Dairy Export Incentive Program should contact the CCC Operations Division of USDA, 14th St. and Independence Ave., S.W., Washington, D.C. 20250. Tel. (202) 382-9240.

Bottom Line Is Price

U.S. agricultural exporters have many advantages to offer customers in the world market, including a reliable, year-round delivery system unmatched by any other in the world. But the lesson many U.S. exporters have learned is that without a competitive price, all of the comparative advantages still can add up to lost sales. ■

Information on EEP and DEIP programs was provided by Tom Buhler, FAS.

7 Take Advantage of USDA Credit Programs

By Thomas J. Buhler

The importance of credit in today's trading environment is obvious. Without it, few houses would be sold, few old cars would be replaced and few farmers could afford the seed and fertilizer they need for next year's crops. Dependence on credit also extends to many countries that would be unable to feed their people unless they had credit.

USDA credit programs operate in cases where credit is necessary to increase or maintain U.S. exports to a foreign market, and where private financial institutions would be unwilling to provide financing without a guarantee from the Commodity Credit Corporation.

Increasing the availability of export financing is one way in which the Foreign Agricultural Service (FAS) programs provide direct assistance to exporters.

Two Credit Guarantee Programs

GSM-102 is a short-term credit guarantee program which covers loans with terms of six months to three years. It helps U.S. exporters by alleviating some of the risk involved in operating in certain countries.

GSM-102 guarantees letters of credit issued by foreign banks that go to pay for imports from the United States. By protecting the U.S. bank from default on the loan, GSM-102 allows U.S. agribusiness to operate in areas it otherwise could not.

Since 1981, this program has facilitated sales worth more than $14 billion of a variety of agricultural exports—everything from wheat to lumber to table eggs. In fiscal year 1986, GSM-102 registered over $2.5 billion in sales and covered 26 countries.

Last year FAS initiated a second credit guarantee program. GSM-103 is similar to GSM-102 except that it works with loans of three to 10 years. The program is designed to promote exports of products with long economic lifetimes, such as cattle.

Exporters interested in either of FAS' credit guarantee programs should call or write the Program Development Division, FAS, 14th St. and Independence Ave., S.W., Washington, D.C., 20250. Tel. (202) 382-9221.

More Opportunities Through P.L. 480

Food aid programs provide another way in which U.S. exporters can gain entry into developing countries. The largest such program administered by FAS is Public Law 480 (P.L. 480), otherwise known as Food for Peace.

Under P.L. 480, USDA provides developing countries with low-interest loans to be used for importing U.S. farm goods. Repayment of these concessional loans can be extended up to 40 years.

Once the P.L. 480 recipient country has agreed to the size of its loan and the types of commodities it will buy, it makes a tender open to all U.S. exporters.

In fiscal year 1986, P.L. 480 Title I/III was responsible for over $800 million in U.S. exports.

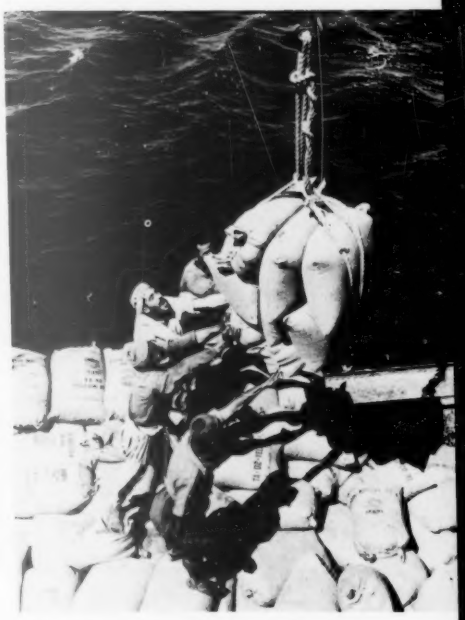
Proceeds Used for Development

Along with providing additional markets for U.S. exporters, P.L. 480 provides for deferred payments to the United States, allowing the proceeds to be used by the governments of developing nations for agricultural and rural development.

This program has helped countries like Japan and South Korea become large markets for commercial sales of U.S. products.

In fiscal year 1987, P.L. 480 Title I/III is expected to facilitate nearly $750 million in U.S. agricultural exports.

P.L. 480, along with the other programs described above, accounted for approximately 20 percent of all U.S. agricultural exports in fiscal year 1986.



These programs allow FAS to continue its tradition of working closely with U.S. exporters to generate sales in overseas markets of all types and sizes. ■

The author is with the Program Development Division, FAS. Tel. (202) 382-9240.

8 Follow Up Sales To Ensure Satisfaction of Buyer

As an exporter, you should impress your clients as being knowledgeable, reliable and efficient. A good way to do this is to make sure you follow the steps below.

Be a Good Information Source

Keeping the importer abreast of new innovations or improvements to your product line is a sure way to convey interest in your importer. Suggest products to your importer that are doing well in similar markets.

Additionally, serve as a contact in the generic market for your product. For instance, if a particular commodity's crop is small one year, you could alert your importer so that he could place his order early, ensuring delivery. Or, if a crop is large in a particular year, alerting your importer would enable him to get a good price and expand his sales.

Some exporters have brokers or representatives stationed in foreign countries to serve their importers. If such representatives are feasible for your company, they can be a great bonus, serving the importer even more efficiently.

Establish a Good Relationship

Following the initial sale, work to secure further business. Building a sound relationship with the foreign importer is the key to ensuring future sales. It is your responsibility to understand your importer's needs and expectations.

Settle Disputes Promptly

It is also up to you to serve your importer when there is a dispute or misunderstanding.

For instance, if a product shipment arrives late or damaged, you, as the exporter, should be available to the importer to straighten out the matter and assure that measures will be taken to avoid such a mistake from happening again.

If a dispute arises between you and the importer, it is up to you to settle the dispute, keeping in mind the adage "the customer is always right." If you want the importer to buy from you again, you must be cooperative and amenable to the importer's needs.

Contact Importer After Sale

Following up on a sale is the best way to find out how well you are meeting your importers' needs. Upon delivery of the initial sale, immediately follow up by contacting your importer and ask the importer the following questions:

—Was delivery of the sale satisfactory?

—Did the correct product or commodity arrive?

—Were there any defects or irregularities in the product?

—Was it shipped according to specifications?

—Was it packaged correctly?

—Did it arrive on time?

The tone of the inquiry is sometimes as important as the inquiry itself. Convey to the importer that the follow up is routine and service-oriented. Confidence in your product is important.

Evaluate Your Follow-up

Good follow up can be demonstrated in a number of ways. Informally, exporters can assume from an increase in sales that they are doing something right. Representatives stationed in foreign markets also can assess through continual contact how well you are doing in that market.

If time and money allow, exporters can conduct surveys to assess importers' satisfaction with the service they are receiving. ■

9 Demonstrate Commitment to Export Market Sales

An importer in the Far East has contracted with exporters John Smith and Jim Brown to purchase 40 container loads of microwave oatmeal in 250-gram packages from each of them. Upon receipt of Smith's shipment, the importer discovers microwave farina in 400-gram packages. Upon receipt of Brown's shipment, the importer discovers a shipment of microwave popcorn.

The distressed importer immediately begins telephoning the exporters. Smith's secretary informs the importer that Smith is out of the country on a month's vacation. He will have to wait that long to resolve his problem, as there is no one else in the company to assist him.

As soon as the importer puts down the phone, it rings. It is Brown, calling to confirm that his shipment has arrived and is in good condition. The importer explains the problem with the shipment. Brown assures his importer that the problem will be resolved within 24 hours.

If you were a foreign importer, with which of these exporters would you prefer to do repeat business?

Company Commitment Comes From the Top

Many exporters fail to realize how important commitment is to the marketing chain.

A company's commitment to being a reliable supplier must come from the top. A management that views exports as important will filter that sentiment to other levels. One medium-sized west coast company recently put $100,000 into new export packaging equipment, demonstrating the high priority it places on exporting.

Provide Top Quality Products

When exporting overseas, it is important to know your market. Tailoring your product line to a particular market exhibits a real interest in serving your markets' needs. An investment in market research and subsequent product development will help you to meet your markets' needs.

Top quality is imperative. The products you export should be of equal or higher quality than those distributed domestically. Remember that exported products will travel for a longer time period, and once they reach their destination, may not make it to the shelf for a while. Importers who perceive that they are receiving an inferior product may pull their orders.

If, after all the care an exporter devotes to shipping products, they arrive damaged or not in accordance with importer specifications, it is the exporter's responsibility to resolve the importer's dissatisfaction. Do so as tactfully and swiftly as possible to ensure repeat sales.

Exhibit at Trade Shows

Participation in trade shows is a sure way to demonstrate commitment to exporting. While an overseas firm may not decide to import a product the first time it is exhibited, continued participation in trade shows often is the key to finally attracting sales orders.

This year, the Foreign Agricultural Service is sponsoring U.S. exhibits at nine trade shows around the world—in the Far East, Middle East and Europe. (For schedule, see *Foreign Agriculture*, November 1986.) These shows offer an opportunity for hundreds of new-to-market and established firms to explore foreign markets, to meet with thousands of buyers and to demonstrate their commitment to export marketing.

Be Accessible

Importers should feel they can contact an exporter when a problem or question arises. "At your service" should be the motto of every good exporter. Make phone numbers and addresses available.

If feasible, establish an overseas office to service customers. Such positioning allows more convenient access to customers. Additionally, having an office in key markets will help ensure these markets will have a better access to receiving products.

The Golden Rule

Make new friends, but keep the old. Established, time-honored customers are some of your most valued clients. Give them the respect they deserve.

A representative of a large west coast cooperative said that in years of short supply, her firm gives priority to established customers of three consecutive years of more.

If a product will be in short supply, it is advisable to give established customers the first option on available supplies. Once their needs are served, offer the product to newer customers. ■

Milk Chocolate Chips
HERSHEY'S®
هيرشي رقاقات الشوكولاتة بالحليب
NET WT. 11.5 OZS. 326.02g
الوزن الصافي ١١,٥ آونسا - ٣٢٦,٠٢ غراما

10 Be Attuned to Business Etiquette

The proverb "When in Rome, do as the Romans do" applies to the business representative as well as the tourist. Being attuned to a country's business etiquette can make or break a sale, particularly in countries where thousand-year-old traditions can dictate the rules for proper behavior.

Some of the considerations anyone interested in being a successful marketer should be aware of include:

—Local customs, etiquette and protocol. (An exporter's behavior in a foreign country can reflect favorably or unfavorably on the exporter, the company and even the sales potential for the product.)

—Body language and facial expressions. (Often, actions do speak louder than words.)

—Expressions of appreciation. (Giving and receiving gifts can be a touchy subject in many countries. Doing it badly may be worse than not doing it at all.)

—Choices of words. (Knowing when and if to use slang, tell a joke or just keep silent is important.)

The following informal test will help exporters rate their business etiquette. See how many of the following you can answer correctly. (Answers are at bottom.)

1. You are in a business meeting in an Arabian Gulf country. You are offered a small cup of bitter cardamom coffee. After your cup has been refilled several times, you decide you would rather not have any more. How do you decline the next cup offered to you?

a. Place your palm over the top of the cup when the coffee pot is passed.
b. Turn your empty cup upside down on the table.
c. Hold the cup and twist your wrist from side to side.

2. In which of the following countries are you expected to be punctual for business meetings?

a. Peru
b. Hong Kong
c. Japan
d. China
e. Morocco

3. Gift giving is prevalent in Japanese society. A business acquaintance presents you with a small wrapped package. Do you:

a. Open the present immediately and thank the giver?
b. Thank the giver and open the present later?
c. Suggest the giver open the present for you?

4. In which of the following countries is tipping considered an insult?

a. Great Britain
b. Iceland
c. Canada

5. What is the normal work week in Saudi Arabia?

a. Monday through Friday
b. Friday through Tuesday
c. Saturday through Wednesday

6. You are in a business meeting in Seoul. Your Korean business associate hands you his calling card, which states his name in the traditional Korean order: Park Chul Su. How do you address him?

a. Mr. Park
b. Mr. Chul
c. Mr. Su

7. In general, which of the following would be good topics of conversation in Latin American countries?

a. Sports
b. Religion
c. Local politics
d. The weather
e. Travel

8. In many countries, visitors often are entertained in the homes of clients. Taking flowers as a gift to the hostess is usually a safe way to express thanks for the hospitality. However, both the type of flower and color can have amorous, negative or even ominous implications. Match the country where presenting them would be a social *faux pas*.

a.	Brazil	1.	Red roses
b.	France	2.	Purple flowers
c.	Switzerland	3.	Chrysanthemums

9. In Middle Eastern countries, which hand does one use to accept or pass food?

a. Right hand
b. Left hand
c. Either hand

10. Body language is just as important as the spoken word in many countries. For example, in most countries, the thumbs-up sign means "okay." But in which of the following countries is the sign considered a rude gesture?

a. Germany
b. Italy
c. Australia

Answers: 1—c. It is also appropriate to leave the cup full. 2—a, b, c, d and e. Even in countries where local custom does not stress promptness, overseas visitors should be prompt. 3—b. 4—b. 5—c. 6—a. The traditional Korean pattern is surname, followed by two given names. 7—a, d and e. 8—a and 2. Purple flowers are a sign of death in Brazil, as are chrysanthemums in France (b and 3). In Switzerland (c and 1), as well as in many other northern European countries, red roses suggest romantic intentions. 9—a. Using the left hand would be a social gaffe. 10—c.

How's Your Business Etiquette?

8-10 Congratulations—you obviously have done your homework when it comes to doing business overseas.

5-7 While you have some sensitivity to the nuances of other cultures, you still could find yourself making some social errors that could cost you sales abroad.

1-4 Look out—you could be headed for trouble if you leave home without consulting the experts.

Where To Turn for Help

Whether you struck out completely in the business etiquette department or just want to polish your skills, there are several sources you can turn to for help.

Books. While 20 years ago, business etiquette information may have been difficult to locate, most good bookstores today carry a variety of resource materials to help the traveling business representative.

Workshops and seminars. Many private business organizations and universities sponsor training sessions for the exporter interested in unraveling the mysteries of doing business abroad.

State marketing specialists. In some states, your first contact should be your state agriculture department, where international specialists there can pass on their expertise or put you in touch with someone who can. ■

Country Briefs

Singapore

More Food Items To Be Date Marked

Singapore now requires that manufacturers of 16 food items mark expiration dates on packages. However, until foreign manufacturers have time to apply the new regulations, local retailers must ensure that the date is stamped on all products. More additions to the list can be expected in the near future.

Products requiring expiration dates are cream, reduced cream, whipped cream and sour cream (excluding sterilized canned cream); cultured milk and cultured milk drinks; pasteurized milk and pasteurized milk drinks; low-fat, fat-reduced and nonfat yogurt products; pasteurized fruit and vegetable juices and juice drinks; vitaminized fruit and vegetable juices and juice drinks; liquid milk and liquid milk products (excluding condensed milk, sweetened condensed milk, evaporated milk and canned sterilized milk and milk products); salad dressings and mayonnaise; breakfast cereals (except those in cans and infant food); chocolate, milk chocolate and chocolate confectionery; raisins and sultanas; and flour.—*Peter O. Kurz, U.S. Agricultural Trade Officer, Singapore.*

Switzerland

Outlook Is Rosé for U.S. Wine Exports

Swiss imports of U.S. red wine, which more than doubled in 1985, are expected to rise even further as a result of changes in the Swiss-set wine quota for red wine in barrels and the lack of quantity restrictions on red wine in bottles. The Swiss government globalized the import quota for red wine in barrels last year, giving the United States access to a global quota of 231,800 hectoliters. However, marketing activities are needed to improve product awareness and to inform Swiss consumers and wine importers of the availability of U.S. wine. In addition, lower unit transportation costs for red wine in barrels are strengthening U.S. market opportunities. This is important since the United States faces stiff competition from France, which can ship wine at low transportation costs to Switzerland.—*Anthony N. Cruit, U.S. Agricultural Counselor, Bern.*

Japan

Restrictions on Wood Construction To Be Lifted

U.S. forest product exports to Japan could increase in the near future due to relaxation of restrictions on wood construction. The Japanese Ministry of Construction has decided to seek legislative approval for building code changes, which would significantly relax present restrictions on construction of three-story wood buildings in urban areas. These measures will be taken in response to requests by the United States, Canada, the Japanese Forestry Agency and the Japanese lumber industry. Revisions to the building standards law will be presented by the Ministry of Construction at the next regular session of the Diet. If adopted, they will promote the rebuilding and extending of wooden houses and improve living standards.—*Bryant Wadsworth, U.S. Agricultural Counselor, Tokyo.*

France

Pulse, Oilseed Output To Reach New Highs

U.S. prospects for exports of oilseeds and products to France will be hurt by expected increases in both French pulse and oilseed production in 1987/88. For the first time, the combined French oilseed and feed pulse area is forecast to exceed 2 million hectares, which is almost a third more than in 1986/87 and six times larger than 10 years ago. High European Community price supports for these crops, coupled with depressed grain prices in recent years, have been the driving force behind dramatic increases in oilseed and feed pulse cultivation during the past decade.—*Ernest Koenig, U.S. Agricultural Counselor, Paris.*

Japan

Imports of U.S. Wines Increase Substantially

Japanese imports of U.S. wine rose nearly 100 percent during the first eight months of 1986, even though total Japanese wine imports and consumption have fallen. The increased interest in U.S. wines was spurred by reports of contaminated European wines, the weaker value of the dollar compared to the yen and a major promotional campaign by the California Wine Institute.

Over the next few years, several factors should result in a continuing increase in Japanese demand for U.S. wines. These include the preferred light taste of many U.S. wines, the readily understood labeling in comparison to European wine labels and the more easily maintained quality because wines coming from California do not need to pass through the tropics.—*Bryant Wadsworth, U.S. Agricultural Counselor, Tokyo.*

Mexico

Demand for Nonfat Dry Milk Products Increases

Products made from nonfat dry milk are making inroads into the Mexican market for dairy products. Due primarily to deteriorating consumer purchasing power, demand for fresh milk and hard cheeses dropped considerably in 1986, while yogurt, reconstituted milk and similar products became more popular. With the high price of government-controlled fluid milk, consumers have turned to more economical products which are supported by the government and contain large amounts of nonfat dry milk. This trend has been boosted by extensive television advertising campaigns for yogurt, a relatively new product on the Mexican market, and other dairy products.

Since effective demand for the more expensive fluid milk is weak, Mexican officials plan to market a low-fat milk (2.5 percent) that will be cheaper. In addition, they will remove the official ceiling price to allow cost to be established by supply and demand. Under this plan, it is likely that the price of milk will fall.—*Leon G. Mears, U.S. Agricultural Counselor, Mexico City.*

Italy

Country Seen As Becoming A Major Soybean Producer

Italy, which imported nearly all of its soybean needs before 1983, may soon become one of the world's largest soybean producers. Italy's soybean production has grown from less than 100,000 metric tons in 1983 to an estimated 680,000 tons in 1986. Domestic production now accounts for almost 40 percent of consumption versus less than 5 percent in 1983/84. Land area devoted to soybeans has increased in the last five years to over 200,000 hectares of commercial production. Soybeans are replacing corn and sugar beets in the northern parts of the Po Valley in Italy.

A support price that is highly favorable to soybeans relative to corn has contributed to this turnaround. Another enticement is that farmers receive payment for soybean crops more quickly than they do for corn. Soybeans also fill the need to diversify cultivation practices. Many years of corn and sugar plantings have resulted in disease and pest problems requiring treatment with chemicals that have created public concern. Assosoia, a producer association, and seed companies are working with farmers to provide technical information and to help them achieve large yields from their certified seed—most of it from the United States. Farmers also are guaranteed a market for their crop through producer contracts with soybean crushers.—*Mattie Sharpless, U.S. Agricultural Counselor, Rome.*

Japan

Larger Sales of U.S. Orange, Grapefruit Juice Likely

U.S. exports of grapefruit juice to Japan are likely to increase due to the recent import liberalization resulting from the 1984 U.S.-Japan trade agreement on beef and citrus. Opportunities will be even greater if Japanese companies decide to expand marketing of pure grapefruit juice and grapefruit juice drinks. The import liberalization removes quantity limitations and makes it possible for U.S. exporters to work directly with Japanese importers and users. In addition, the Japanese government has been issuing quotas on an emergency basis for orange juice because of a short supply of domestically produced mikan concentrate. This situation creates yet another opportunity for U.S. citrus juice exports to this market.—*Bryant Wadsworth, U.S. Agricultural Counselor, Tokyo.*

Korea

Palm Oil Imports From Malaysia Are Up

The Palm Oil Research Institute of Malaysia (PORIM), with strong support from the Malaysian government, is trying to break into the Korean home cooking oil market. Koreans do not use palm oil for home cooking now because it tends to become cloudy and crystallize or solidify at cool temperatures and does not have the taste acceptance that the popular but expensive sesameseed oil has.

PORIM is working with the Korea Advanced Institute of Science and Technology to study consumer preferences and potential marketability of cooking oil blends that include palm oil. Another study will examine the relationship between palm oil and diseases such as arteriosclerosis.

If these studies persuade the Korean government to allow consumer marketing of blended oil and resolve technical problems, Korea's cooking oil market could undergo dramatic changes. Since palm oil is priced substantially below other cooking oils, palm oil blends could be very competitively priced. Korean imports of Malaysian palm oil have already risen sharply from 2,700 tons in 1978 to 107,000 tons in 1985.

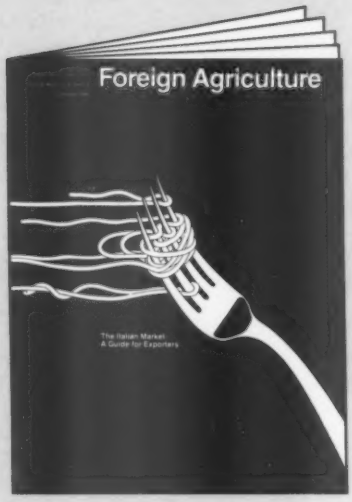
If Malaysia is successful in expanding palm oil sales to Korea, it will ultimately decrease the demand for soybeans. The United States is a major supplier of soybeans to Korea. In 1985, 90 percent of Korea's imports were from the United States.—*Daniel B. Conable, U.S. Agricultural Counselor, Seoul.*

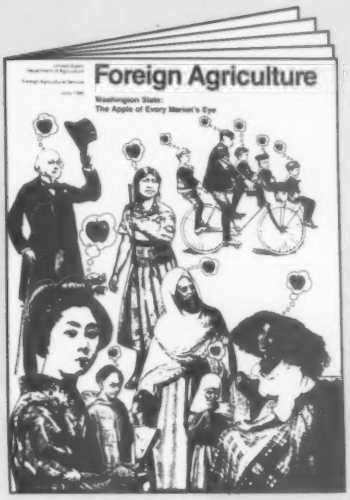
France

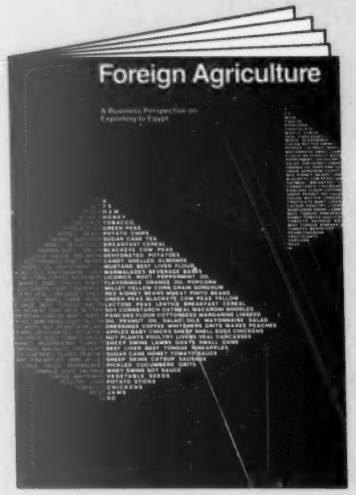
U.S. Is Top Supplier of French Offal Imports

The United States continues to be the largest supplier of offals to France. During January-October 1986, France imported two-fifths of its offals from the United States. France imports a large part of its offals for two major reasons—competitive world prices and poor domestic quality. For example, over half of the beef livers consumed in France come from the United States because French beef livers often are contaminated and seized by the French veterinary service.

About 60 percent of the offals sold in France are distributed through big chain stores, hypermarkets and supermarkets. The rest are sold by small merchants, frequently at open air markets.—*Ernest Koenig, U.S. Agricultural Counselor, Paris.*







Do you need information about

- Overseas markets and buying trends?
- New competitors and products?
- Trade policy developments?
- Overseas promotional activities?

Then **Foreign Agriculture** — USDA's fact-filled monthly agricultural trade magazine — is for you. Based on official USDA data available nowhere else, **Foreign Agriculture** articles are clear and crisp, written to provide the export information you need, in a concise and extremely readable form.

Special information is found in **Foreign Agriculture**'s telegraphed, targeted news departments: Fact File, Country Briefs and Marketing News. And its tables and graphs will give you an immediate grasp of what's going on overseas.

In addition, periodic special issues—such as the one devoted entirely to the 10 steps of marketing success—will give you a wide range of detailed information about overseas markets.

If you use agricultural facts and figures in your business, you need **Foreign Agriculture**.

Subscribe today! Just $11.00 ($14.00 for foreign delivery) brings you Foreign Agriculture for 12 full months.

SUBSCRIPTION ORDER FORM

$11.00 domestic (United States and its possessions); $14.00 foreign. Send a check for the total amount payable to the Foreign Agricultural Service. Only checks on U.S. banks, cashier's checks, or money orders will be accepted. **No refunds can be made.**

Mail this form to:

Foreign Agricultural Service
Room 4642–S
U.S. Department of Agriculture
Washington, D.C. 20250

Enter My Subscription To FOREIGN AGRICULTURE

Please print or type

Name (last, first, middle initial)

Organization or Firm

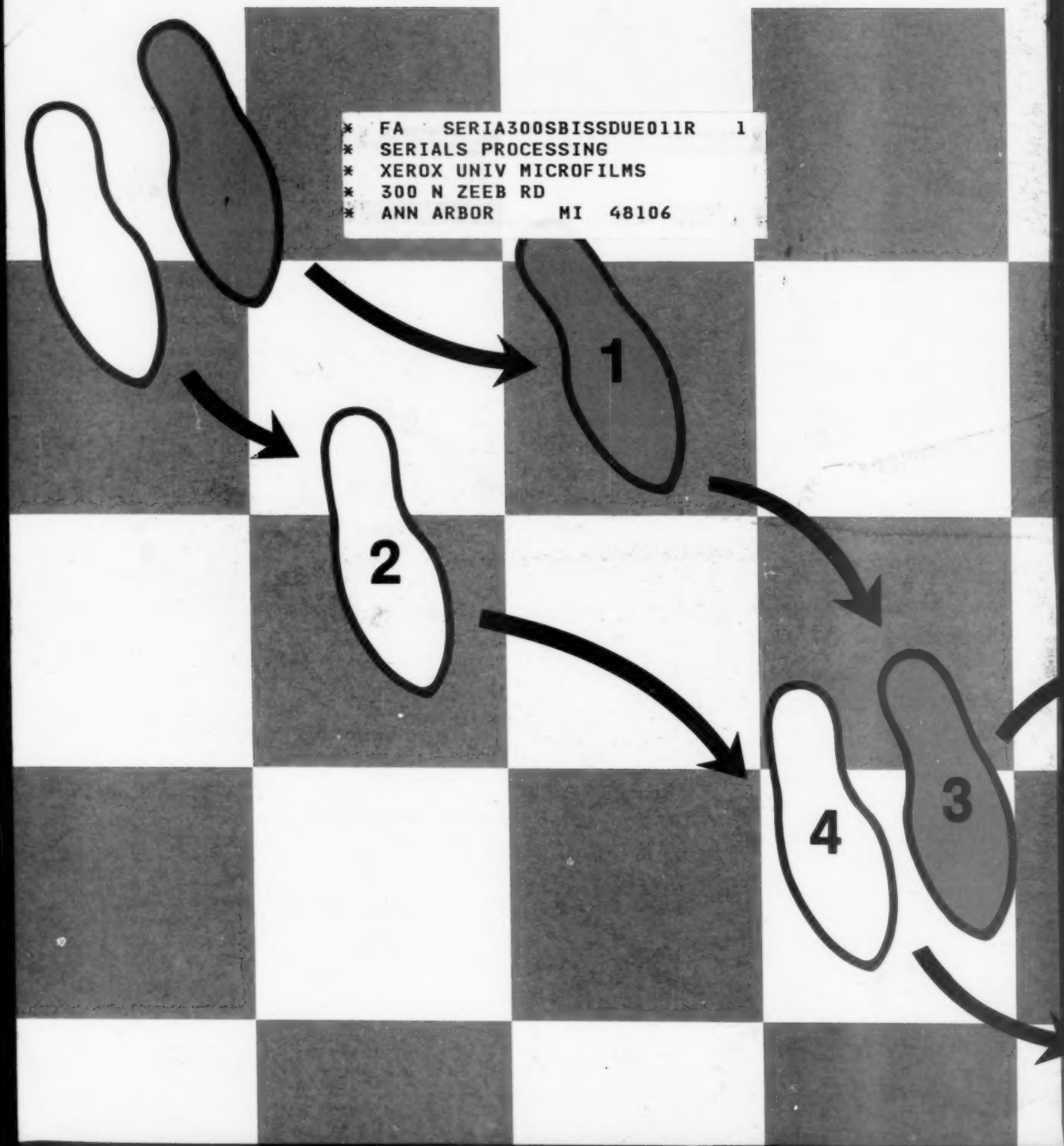
Street or P.O. Box Number

City State Zip Code

Country

United States
Department of Agriculture
Washington, D.C. 20250

OFFICIAL BUSINESS

Penalty for Private Use, $300

Third Class
Bulk Rate
Postage & Fees Paid
USDA-FAS
Permit No. G-262